

Montana Board of Housing (the Board or MBOH)

## **TERMS AND CONDITIONS FOR MBOH PLUS 0% DEFERRED DOWN PAYMENT ASSISTANCE PROGRAM**

**Revised October 2024**

### **Purpose**

The purpose of this Program is to provide down payment and closing costs assistance to Borrowers eligible for MBOH financing under the MBOH MBS Regular Bond Loan Program. This DPA loan places a Second Mortgage Loan on the Residence of up to \$15,000. These DPA loans are offered in conjunction with MBOH first-lien Mortgage Loans originated by approved Participants.

### **Program Criteria**

1. Household income is limited to **\$80,000** for family size 1 to 2 and **\$90,000** for 3 or more.
2. Loan amount for the DPA loan is limited to 5% of purchase price, not to exceed **\$15,000**. The minimum DPA loan amount is \$1,500.
3. The fixed rate of interest on the Second Mortgage Loan under the MBOH Plus 0% Deferred Program shall be 0%.
4. The down payment assistance Second Mortgage Loan is a deferred uninsured junior lien with no prepayment penalties.
5. The term of the MBOH 0% Deferred DPA loan is thirty (30) years.
6. The DPA loan is due in full upon sale or transfer of the Residence to another party or if the outstanding loan secured by the first-lien Mortgage Loan is

refinanced.

7. The minimum mid credit score is 620 for all Borrowers and total debt to income ratio may not exceed 45%. Borrowers with no credit history will be eligible for the Program, provided the loan meets underwriting standards established by the insurer or guarantor of the first-lien Mortgage Loan.
8. Borrowers must provide a minimum of \$1,000 cash investment in the purchase. Borrower's contribution can be gifted.
9. Homebuyer Education is required and must be completed prior to closing of the loan.
10. Upon the Board's receipt and confirmation of a Reservation, an obligation letter will be issued by MBOH to document an eligible source of DPA loan funds, if the first-lien Mortgage Loan is FHA insured.
11. The DPA loan must be closed in the name of the Participant and transferred/assigned to MBOH via a recorded Assignment of Deed of Trust that meets industry standards. MBOH DPA loans are not processed through MERS.
12. The Second Mortgage Loan notes must be endorsed to MBOH without recourse.
13. The Second Mortgage Loan Note, subordinate Deed of Trust and the applicable MBOH Compliance Submission Voucher must be on forms provided by MBOH.
14. The Master Servicer will purchase the Second Mortgage Loan at par (100%) and will pay a 1.75% Service Release Premium on the first-lien Mortgage Loan, less extension fees and all other applicable Master Servicer fees based on

current outstanding balance of the first-lien Mortgage Loan at time of purchase. Service Release Fee premiums will be remitted to the Participant at time of purchase.

15. The Participant is allowed to collect a \$175 application fee from the Borrower for the 0% Deferred DPA loan.

### **Servicing**

The Master Servicer will service both the first-lien Mortgage Loan and Second Mortgage Loan (DPA loan).

### **Other Provisions**

Except as outlined above, all terms, conditions, definitions and Program criteria applicable to the MBOH MBS Regular Bond Loan Programs Terms and Conditions and as set out in the MBOH Mortgage Purchase and Servicing Guide will apply to loans originated by Participant for the MBOH Plus 0% Deferred DPA Program.